



March 3, 2010

## **TRANSCANADA TO CONSIDER US PIPELINE 'ONRAMP'**

*By Associated Press*

### [Story](#)

TransCanada executives said Wednesday they will consider letting Montana and North Dakota crude oil onto a proposed pipeline to the Gulf of Mexico, after hearing demand for such a project from U.S. oil producers.

Calgary-based TransCanada Corp. aims to start construction this year on the 1,980-mile Keystone XL pipeline. Its part a \$12 billion investment in moving crude extracted from Canada's oil sands to refineries in the United States.

The company previously had rebuffed calls to build an "onramp" for crude from the Bakken oil fields of Montana, North Dakota and Saskatchewan, saying there was insufficient demand.

But facing political pressure to reconsider, TransCanada Vice President Robert Jones said Wednesday Keystone XL was "open for business" with conventional crude producers in the United States.

Jones made that pledge after meeting with several dozen oil company representatives assembled in Billings by Montana Gov. Brian Schweitzer and North Dakota Gov. John Hoeven.

"To me, the producers have shown their support by being here," Jones said.

In coming weeks and months, TransCanada will meet with individual producers to work out the particulars of a potential entry point to the pipeline, Jones said.

Initial cost estimates range from \$80 million to \$200 million for a project that would ship crude out of Montana and North Dakota in 100,000 barrel batches.

The Bakken formation holds an estimated 3.65 billion barrels of oil - enough to supply the entire country for about six months - and Keystone XL would pass right through it en route to the Gulf Coast.

But that's still paltry compared to estimates of 1.7 trillion barrels of petroleum in the oil sands, where companies are signing long-term contracts with TransCanada to move up to 900,000 barrels a day.

Hoeven and Schweitzer welcomed Jones' announcement Wednesday as a chance to connect the region's oil with new refining markets on the Gulf Coast.

"It looks like the position (of TransCanada) has shifted - from 'No way,' to 'Sure, we'll consider it,'" Schweitzer said.

Oil producers from Montana and North Dakota said TransCanada effectively turned down their prior attempts to link into the pipeline.

Harold Hamm, chairman of Continental Resources Inc., said he was told a 20-year contract was required - too long a commitment for a relatively small oil company that produces about 50,000 barrels a day.

"That's not anything in our business that we can do," Hamm said. "But things have changed, and we're pleased."

As an interstate pipeline, Keystone XL is under the jurisdiction of the Federal Energy Regulatory Commission. Nevertheless, Schweitzer has made clear in recent weeks that Montana, too, must buy into the project, or TransCanada won't get clearance for 280 miles of its pipeline to cross through the eastern part of the state.

Drilling in the Bakken and elsewhere in the Williston Basin has more than doubled over the last decade. About 100 drilling rigs are now active in the basin, and state officials expect that to increase another 20 percent by June.

Hoeven said there were several options for his state to handle that growth. They include linking to Keystone XL as it passes to the east through Montana, or connecting to a second TransCanada pipeline in Saskatchewan.

"We get that there is a huge amount of syn-crude coming out of the tar sands today. We want to make sure our producers also have that opportunity," Hoeven said.